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LEGAL PROCESS #4

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**FAIR POLITICAL PRACTICES COMMISSION**  
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Attorneys for Plaintiff

SUPERIOR COURT FOR THE STATE OF CALIFORNIA  
FOR THE COUNTY OF SACRAMENTO

FAIR POLITICAL PRACTICES	)	Case No.: <b>01AS05985</b>
COMMISSION, a state agency,	)	COMPLAINT FOR CIVIL PENALTIES
Plaintiff,	)	UNDER THE POLITICAL REFORM ACT
vs.	)	OF 1974, AS AMENDED
CALIFORNIA PRO BUSINESS	)	(Government Code Sections 91001 (b), 91004
COMMITTEE and RAVINDER MEHTA,	)	and 89521
Defendants.	)	

Plaintiff, FAIR POLITICAL PRACTICES COMMISSION, a state agency, alleges as follows:

1. Plaintiff brings this action in the public interest to enforce the provisions of the Political Reform Act of 1974. (Government Code Sections 81000 through 91015.)

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2. This court has original jurisdiction over the amount in controversy in this matter. The violations took place in connection with a California State election. The plaintiff is located in the County of Sacramento, which is a proper venue for this action pursuant to Code of Civil Procedure Section 393.

PARTIES

PLAINTIFF, FAIR POLITICAL PRACTICES COMMISSION

3. Plaintiff, Fair Political Practices Commission (the “Commission”), is a state agency created by the Political Reform Act of 1974 (the “Act”). The Commission has the primary responsibility for the impartial, effective administration and implementation of the Act. (Government Code Section 83111.)

4. Pursuant to Government Code Section 91001, subdivision (b), the Commission is the civil prosecutor for matters involving state election campaigns and is authorized to maintain this action under Government Code Sections 91001, subdivision (b), 91004 and 89521.

DEFENDANT, CALIFORNIA PRO BUSINESS COMMITTEE

5. At all relevant times, Defendant California Pro Business Committee was a “recipient committee” as that term is defined in Government Code Section 82013, subdivision (a).

6. On May 18, 1998, Defendant California Pro Business Committee filed a statement of organization as required by Government Code Section 84101. On this statement of organization, California Pro Business Committee designated Ravinder Mehta as the committee Treasurer.

1           7.     On June 10, 1998, Defendant California Pro Business Committee filed an  
2                   amended statement of organization. On this statement of organization, California  
3                   Pro Business Committee again designated Ravinder Mehta as the committee  
4                   Treasurer.

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6     DEFENDANT, RAVINDER MEHTA

7           8.     At all relevant times, Defendant Ravinder Mehta was the Treasurer of California  
8                   Pro Business Committee. As Treasurer, Mehta held at all relevant times the  
9                   authority to approve the expenditure of campaign funds held by the committee.

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11                             BACKGROUND

12          9.     At all relevant times, Wayne Smith served as Dan Lungren's Chief of Staff.

13          10.    In late 1997, Ravinder Mehta told Wayne Smith that he was interested in getting  
14                   involved with the Lungren gubernatorial campaign.

15          11.    Wayne Smith introduced Ravinder Mehta to Wayne's younger brother Glenn.  
16                   Glenn Smith owned Oakdale Aviation, and hoped to sell an aerial advertising  
17                   product to the Lungren campaign.

18          12.    Ravinder Mehta formed California Pro Business Committee, and accepted Glenn  
19                   Smith's aerial advertising proposal and fee schedule without many changes or  
20                   modifications.

21          13.    During 1998, California Pro Business Committee raised \$341,000 and spent  
22                   \$332,047.96. Of the \$332,047.96 in expenditures, \$258,600 was reported as  
23                   independent expenditures supporting gubernatorial candidate Dan Lungren, and  
24                   \$60,000 was reported as monetary expenditures to attorney general candidate  
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1 Dave Stirling. The expenditures for Lungren were all for aerial advertising  
2 purchased from vendor Oakdale Aviation.  
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#### 5 CAMPAIGN DISCLOSURE REQUIREMENTS

- 6 14. Government Code Section 81002, subdivision (a), provides that one of the  
7 purposes of the Political Reform Act is to ensure that receipts and expenditures in  
8 election campaigns are fully and truthfully disclosed in order that the voters may  
9 be fully informed and improper practices may be inhibited.
- 10 15. Government Code Section 81003 states that the Political Reform Act should be  
11 liberally construed to accomplish this purpose. To facilitate the goals of complete  
12 and truthful disclosure of receipts and expenditures, the Political Reform Act  
13 includes a comprehensive scheme of campaign finance disclosure. (Government  
14 Code Section 84200 *et seq.*)
- 15 16. Pursuant to Government Code Sections 84100 and 81004, subdivision (b), and  
16 Title 2, California Code of Regulations, Section 18427, subdivision (a), it is the  
17 duty of a committee's treasurer to ensure compliance with all of the requirements  
18 of the Political Reform Act concerning the receipt, expenditure and reporting of  
19 campaign funds. A committee's treasurer may be held jointly and severally  
20 liable, along with the committee, for any reporting violations committed by the  
21 committee. (Section 91006.)
- 22 17. Pursuant to Government Code Section 91004, any person who intentionally or  
23 negligently violates any of the reporting requirements of the Political Reform Act  
24 shall be liable in a civil action for an amount not more than the amount or value  
25

1 not properly reported. Persons that violate Government Code Section 84211 are  
2 liable in a civil action pursuant to Government Code Section 91004.

3  
4 FIRST CAUSE OF ACTION

5 (FAILING TO DISCLOSE ACCRUED EXPENDITURES)

- 6 18. Plaintiff realleges paragraphs 1-15 of this Complaint and incorporates them herein  
7 as though set forth at length.
- 8 19. Government Code Section 84211, subdivision (j), requires the reporting of  
9 expenditures. Section 84211, subdivision (j), specifically requires the itemization  
10 of all expenditures of one hundred dollars or more.
- 11 20. Government Code Section 82025 defines the term “expenditure,” and expressly  
12 states that expenditures are made “on the date the payment is made or on the date  
13 consideration, if any, is received, whichever is earlier.”
- 14 21. If consideration is received prior to payment being made, then the expenditure  
15 must be reported on the campaign statement as an accrued expenditure. Title 2,  
16 California Code of Regulations, Section 18421.6 is entitled: “Reporting Accrued  
17 Expenses,” and subdivision (b) of that section states: “An accrued expense  
18 (excluding a loan) shall be reported as of the date on which the goods or services  
19 are received. . .”
- 20 22. During September 1998, Oakdale Aviation provided aerial advertising services to  
21 California Pro Business Committee totaling \$74,775. On October 2, 1998,  
22 California Pro Business Committee issued a payment for \$74,775 to Oakdale  
23 Aviation.
- 24  
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- 1           23.    On its campaign statement covering October 1, 1998 through October 17, 1998,  
2                   California Pro Business Committee disclosed making the payment of \$74,775 to  
3                   Oakdale Aviation on October 2, 1998.
- 4           24.    On its campaign statement covering July 1, 1998 through September 30, 1998,  
5                   California Pro Business Committee failed to disclose the accrued aerial  
6                   advertising expenditures totaling \$74,775.
- 7           25.    By intentionally or negligently failing to timely disclose accrued expenditures  
8                   totaling \$74,775, Defendants California Pro Business Committee and Ravinder  
9                   Mehta violated Government Code Section 84211, subdivision (j).
- 10

11                                   SECOND CAUSE OF ACTION

12                                   (ILLEGAL PERSONAL USE OF CAMPAIGN FUNDS)

- 13           26.    Plaintiff realleges paragraphs 1-15 of this Complaint and incorporates them herein  
14                   as though set forth at length.
- 15           27.    In Summer 1998, Glenn Smith contacted Ravinder Mehta on multiple occasions  
16                   in an effort to collect monies due to Oakdale Aviation from California Pro  
17                   Business Committee.
- 18           28.    On one occasion, Ravinder Mehta met Glenn Smith, and indicated that he had  
19                   forgotten his checkbook.
- 20           29.    On one or more occasions, when Glenn Smith inquired of Ravinder Mehta about  
21                   when Oakdale Aviation would receive payment for the aerial advertising services,  
22                   Mehta responded by stating that his Porsche needed to be painted and refurbished.
- 23           30.    In subsequent conversations between Glenn Smith and Ravinder Mehta, Mehta  
24                   continued to bring up the topic that his Porsche needed to be painted and  
25                   refurbished.

- 1 31. Feeling pressured by Ravinder Mehta, Glenn Smith suggested that Mehta take the  
2 Porsche to the Kruse/Lucas (also known as Kruse Lucas Imports, Inc.) auto shop  
3 in Modesto. Glenn Smith agreed to pay \$7,000 or \$9,000 for the work on  
4 Mehta's Porsche.
- 5 32. Ravinder Mehta told Glenn Smith to pay Kruse/Lucas directly because it would  
6 be harder to trace the money.
- 7 33. On August 13, 1998, Ravinder Mehta brought his Porsche 911 Carrera to  
8 Kruse/Lucas Body & Paint for painting and refurbishing. At this time, Glenn  
9 Smith rented a car for Mehta.
- 10 34. On September 8, 1998, Glenn Smith paid \$665.05 on his personal credit card for  
11 the rental car for Ravinder Mehta.
- 12 35. On October 17, 1998, California Pro Business Committee issued check number  
13 1017 to Oakdale Aviation in the amount of \$76,950.
- 14 36. On October 19, 1998, Oakdale Aviation deposited the check from California Pro  
15 Business Committee. On the exact same day, Oakdale Aviation then issued a  
16 check for \$7,000 to Kruse/Lucas to pay for the painting and refurbishing of  
17 Mehta's Porsche.
- 18 37. Government Code Section 89512.5 states:
- 19 **"89512.5. Expenditures by Committees not Controlled by Candidates.**  
20 (a) Subject to the provisions of subdivision (b), any expenditure by a  
21 committee not subject to the trust imposed by subdivision (b) of  
22 Section 89510 shall be reasonably related to a political, legislative,  
23 or governmental purpose of the committee.  
24 (b) Any expenditure by a committee that confers a substantial personal  
25 benefit on any individual or individuals with authority to approve  
the expenditure of campaign funds held by the committee, shall be  
directly related to a political, legislative or governmental purpose  
of the committee."
38. At all relevant times, Government Code Section 89511, subdivision (b)(3),  
defined "substantial personal benefit" as an expenditure of campaign funds

1 resulting in a direct personal benefit with a value of more than one hundred  
2 dollars to an individual with authority to approve the expenditure(s).

3 39. The money earmarked for Kruse/Lucas auto shop conferred a substantial personal  
4 benefit on Ravinder Mehta. Mehta received a personal benefit that well exceeded  
5 one hundred dollars.

6 40. Defendants California Pro Business Committee and Ravinder Mehta knew \$7,000  
7 of their \$76,950 payment to Oakdale Aviation would go to the Kruse/Lucas auto  
8 shop for purposes of painting and refurbishing Mehta's Porsche.

9 41. Government Code Section 89521 states that a person who makes an expenditure  
10 in violation of Section 89512.5 is liable in an action brought by the Commission  
11 for an amount of up to three times the amount of the unlawful expenditure.

12 42. By making an expenditure that conferred a substantial personal benefit on an  
13 individual who had authority to approve the expenditure of campaign funds held  
14 by the committee, Defendants California Pro Business Committee and Ravinder  
15 Mehta violated Government Code Section 89512.5.

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17 THIRD CAUSE OF ACTION

18 (FAILURE TO DISCLOSE REQUIRED SUBVENDOR INFORMATION)

19 43. Plaintiff realleges paragraphs 1-15 and 27-44 of this complaint and incorporates  
20 them herein as though set forth at length.

21 44. At all relevant times, Government Code Section 84211, subdivision (j)(6),  
22 required a committee to provide itemized information for each person, if different  
23 than the payee, who provided consideration of one hundred dollars or more during  
24 the time period covered by the campaign statement.



1           45.     Defendants California Pro Business Committee and Ravinder Mehta failed to  
2                 provide itemized information disclosing that the Kruse/Lucas auto shop provided  
3                 consideration of one hundred dollars or more.

4           46.     By intentionally or negligently failing to timely itemize information about the  
5                 payment to the Kruse/Lucas auto shop on their campaign statements, Defendants  
6                 California Pro Business Committee and Ravinder Mehta violated Government  
7                 Code Section 84211, subdivision (j)(6).

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9     WHEREFORE, Plaintiff prays for judgments against Defendants as follows:  
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11           1.     With respect to the First Cause of Action, for statutory penalties against  
12                 Defendants California Pro Business Committee and Ravinder Mehta, jointly and  
13                 severally, payable to the General Fund of the State of California, according to  
14                 proof, in amounts as permitted by Government Code Section 91004, up to the  
15                 amount that was unreported, which is \$74,775.

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17           2.     With respect to the Second Cause of Action, for statutory penalties against  
18                 Defendants California Pro Business Committee and Ravinder Mehta, jointly and  
19                 severally, payable to the General Fund of the State of California, according to  
20                 proof, in amounts as permitted by Government Code Section 89521, up to three  
21                 times the amount of the unlawful expenditure, which is \$21,000.

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23           3.     With respect to the Third Cause of Action, for statutory penalties against  
24                 Defendants California Pro Business Committee and Ravinder Mehta, jointly and  
25                 severally, payable to the General Fund of the State of California, according to

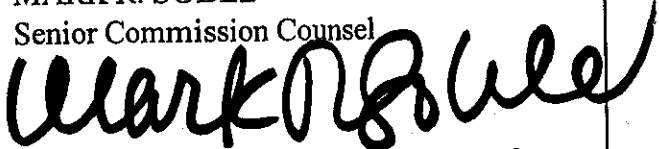
1 proof, in amounts as permitted by Government Code Section 91004, up to the  
2 amount that was unreported, which is \$7,000.  
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4 4. For such other and further relief as the Court may deem proper.  
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6 STEVEN B. RUSSO  
7 Enforcement Chief  
8 MARK R. SOBLE  
9 Senior Commission Counsel

10 Dated: October 1, 2001.

11 By:

  
12 Mark R. Soble, State Bar No. 136897  
13 Attorney for Plaintiff,  
14 Fair Political Practices Commission  
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